

**Washington River Protection Solutions (WRPS)
Workforce Incentive Program (WIP) Plan, Revision 8
Effective March 26, 2012 (Fiscal Month April)**

I. Purpose: This program document describes the Washington River Protection Solutions LLC (WRPS) Workforce Incentive Plan (WIP) for the second half of fiscal year (FY) 2012 (March 26, 2012 through September 30, 2012), as approved by the U.S. Department of Energy (DOE). Interpretations and administration of the program are governed by this document. Any plan changes to this document require prior DOE approval.

II. Objectives: The objectives of the WRPS WIP are to:

- A. Incentivize all WRPS employees to maximize the SAFE achievement of contract deliverables under budget.
- B. Retain needed employee skills through the project life cycle and future mission needs.
- C. Recognize team and individual success by linking, in a compensable manner, performance to the client's objectives.

III. Definitions:

Award: A grant of cash for performance under the WRPS WIP.

Award Period: A fixed 6-month period beginning March 26, 2012 (fiscal month April) and ending September 30, 2012. Also referred to as the performance period.

Base Pay: Includes only approved base salary. It does not include any adders, including paid overtime, shift differentials, lump sum payments of any kind, etc.

BCWP: Budgeted Cost for Work Performed

BCWS: Budgeted Cost of Work Scheduled

CPI: Cost Performance Index (CPI) is Budgeted Cost for Work Performed (BCWP) divided by Actual Cost of Work Performed (ACWP) (each are net of incumbent Employee Pension Costs, retiree medical cost, management reserve and fee).

DART: Days Away Restricted or Transferred.

Disability: Disability is as defined in the disability plan(s) applicable to the specific employee. Situations involving short- or long-term disability will be handled on a pro-rata basis assuming all other eligibility criteria are met.

Eligibility: Any regular full time participant, including new hires and employees returning from a leave of absence prior to the end of any given performance period, with at least one

(1) full calendar month on the active WRPS roll in that performance period. Participants with performance issues may not receive awards, as stated in Section VII.2., Incentive Award Forfeiture Criteria.

Full Calendar Months: Unless indicated otherwise in the guidelines and Program document, a minimum of one day spent in the classification group during any month within the performance period will serve to make the employee eligible for an award during that month, assuming all other eligibility criteria are met.

Participant: An employee who is eligible for a performance incentive award under the program. This includes all WRPS employees (including those seconded from parent organizations).

Performance Period: A 6-month period beginning March 26, 2012 (fiscal month April) and ending September 30, 2012; also referred to as the award period.

Plan: WRPS Workforce Incentive Plan (WIP)

Pro-rata Award: Award for number of full calendar months of WRPS employment that the participant completed during that performance period in a specified group classification, unless otherwise described in the program plan document.

Retirement: Retirement as defined in WRPS' retirement plan(s). For persons covered only under the WRPS 401(k) savings plan, retirement is defined as having attained age 55 with ten (10) years of service (including Corporate service, if applicable).

Timing of Awards: Award payments, if any, will be included in eligible employee's pay no later than the last pay period of the month of December of the year following the "award period" defined above. Under no circumstance shall an award payment be made outside of the December payment window following the award period to which it relates, except as provided under the provisions of Internal Revenue Code 409A.

IV. Program Overview: The WRPS Plan will cover employees in three (3) employee categories:

- A. Senior/Mid-level Management
- B. Other management & senior exempt personnel
- C. Remainder of the workforce, including HAMTC represented workers.

The award payments incentivize safe work execution with consideration of cost as determined by calculation of the project savings for March 26, 2012 through September 30, 2012. Awards will be impacted by established project performance criteria, including safety and other compliance requirements.

Performance Criteria

Safe Achievement of the Performance Measurement Baseline for latter part of FY 2012.

Factors

- Demonstrate ISMS is effectively implemented as described in the Performance Objectives, Measures and Commitments (POMC) plan by achieving 90% of Key Objectives and Commitments (DOE approved POMC is attached);
- Budgeted Cost of Work Performed for the last 6 months of FY12 (beginning fiscal month April) is 90% or greater than 6-month BCWS;
- Achieve 6-month CPI greater than 1.0 beginning fiscal month April, 2012; and
- Cost savings sufficient to fund the incentive.

Individual awards may be reduced in the year in which fines or penalties are paid by WRPS. The methodology to reduce incentives will be to take the annual earned fee minus all fines and penalties divided by annual earned incremental fee to determine the ratio of incentive reduction for all employees (down to zero). This reduction factor will be applied to each employee's incentive payment.

Management reserves the right to significantly reduce or eliminate all incentive awards if there are significant project performance issues, including:

1. The occurrence of a "major" event, e.g., an environmental release; etc.
2. A significant increase in lost time accidents and/or OSHA recordables.
3. The assessment of substantive fines and penalties.
4. A combination of the above at less than substantive levels if such issues reflect overall poor performance.

V. **Funding Source:** Funds for the incentive will come from DOE allowable cost savings at a 50% share up to the cost of the maximum incentive. The first \$125/employee (based on a range of 1,400 – 1,450 employees) will be contributed from WRPS contractor fee. Payments begin when:

- Budgeted Cost of Work Performed for the last 6 months of FY12 (beginning fiscal month April) is 90% or greater than 6-month BCWS, project performance of the CPI is greater than 1.0 for a 6-month period (beginning fiscal month April) and at least 90% of Key Objectives and Commitments are achieved as defined in the POMC, additional work funded by cost savings is performed and valued equal to the cost of the incentive (Example - \$2.3M of scope, \$2.2M WIP for a total of \$4.5M savings required), and cost savings for payment of the WIP has been established.
- Once maximum incentive funding is obtained all additional cost savings will be reinvested in the accomplishment of additional work.

The actual payout at the end of the performance period will reflect final performance, as well as the impact of new hires and terminations and actual incentive pro-rata share payments to such employees.

At the end of the year, the estimated value will be adjusted to reflect the actual cost of the program.

- VI. **Reporting:** WRPS will provide DOE with an annual summary report of all distributions made under this Program within 60 days following disbursement of incentive payments.

Any plan changes will be submitted to the Contracting Officer for approval prior to implementation.

- VII. **Program Description:** All WRPS employees are included in the Workforce Incentive Plan (range of 1,400 to 1,450 employees for a 6-month period) funded from project cost savings. Reimbursable costs are derived from achieved cost savings on accomplished work scope, determined by work accomplished and costs savings achieved, without compromise to safety. The first \$125/employee will be contributed from Contractor fee.

Annual Incentive:

Incentive is earned: when Budgeted Cost of Work Performed for the last 6 months of FY12 (beginning fiscal month April) is 90% or greater than 6-month BCWS, CPI is greater than 1.0 for a 6-month period (beginning fiscal month April) and ISMS – ESH&Q performance is effectively demonstrated through achieving 90% of Key Objectives and Commitments as defined in the POMC.

Total Program Cost of Plan:

Max Target: \$2.2M (Total Savings - \$4.5M)

1. The actual amount of award is based on inclusion in one of three distinct employee groups based on payroll classification/IPEDS Code: M = Management; E = Exempt; H= Bargaining Unit; N = Salaried Nonexempt.
 - Group A – Management grade 22 and above
 - Group B – Management through grade 21 and Exempt staff salary grades 19 and above.
 - Group C – Exempt staff through grade 18, HAMTC represented workers and Salaried Nonexempt.

Incentive award amounts will be paid according to the following table based on the achieved level of performance as indicated by the project's earned fee and savings.

The following Table I reflects preliminary estimated awards ranging from a maximum to a minimum payout based on overall cost savings achieved.

Table 1

FY2012 Workforce Incentive Program							
6-Month CPI Range & 90% of 6-month BCWS Achieved	Estimated Savings Required	Additional Work	WIP	Group A (183)	Group B (190)	Group C (1,069)	Average (1,442)
Less than/= 1.0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
>=1.005	\$1,140,000	\$570,000	\$570,000	\$900	\$600	\$300	\$416
>=1.010	\$2,260,000	\$1,130,000	\$1,130,000	\$1,700	\$1,100	\$600	\$805
>=1.015	\$3,375,000	\$1,687,500	\$1,687,500	\$2,500	\$1,600	\$850	\$1,158
>=1.020	\$4,500,000	\$2,264,900	\$2,235,100	\$3,400	\$2,300	\$1,100	\$1,550

2. Incentive Award Forfeiture Criteria: Project management may decide not to award one or more employees an incentive award if there are documented performance issues.

WRPS will develop a policy and procedure that includes a brief summary of the Workforce Incentive Program and define the process for establishing and documenting a specific passover rate for a given individual based on the following:

- The individual(s) is the cause of/contributor to significant safety and/or environmental issues.
- The individual has substantial performance issues, e.g., an employee actively in the progressive disciplinary process, or performance failures impacting organizational success, etc.
- The individual is/has been involved in repeated safety violations/infractions or Conduct of Operations incidents.

Determination of individuals who fall into one of the above categories will be assessed through evaluation of documented disciplinary actions, formal Performance Improvement Plans, or a management review of Individual Performance Reviews that occurred during the Incentive program performance period.

VIII. Guidelines for Administration of the WRPS WIP

The following guidelines shall be used in administering the WRPS WIP:

A. Addition of participants to the Plan

1. **Promotion/reclassification to a different incentive group**: If during the performance period, an individual is promoted, or his/her job is reclassified to a different incentive group under the WRPS program, the participant shall be eligible for a pro-rata award based on the date of their promotion or reclassification in full month increments. (See B.5 below).

2. **Transfer in from another partner location:** In the event a participant transfers to WRPS from another partner affiliate location, the transferring location will have responsibility for the participant's incentive award, using their plan guidance through the date of transfer. WRPS will be responsible for a pro-rata award based on the participant's determined incentive group for the full months the employee is on the WRPS active rolls during the performance period, assuming all other eligibility criteria are met.
3. **New hire or return from Leave of Absence:** New hires (including LAMPs) and employees returning from leave of absence prior to the end of the performance period shall be eligible for a pro-rata incentive award based on the full months the employee was on the active rolls, assuming all other eligibility criteria is met. Temporary HAMTC represented employees are not eligible for the program.

B. Removal of participants from the Plan

1. **Separation of employment due to death, disability (including Workers' Compensation), involuntary layoff, or retirement.** In the event the employment of a participant ends by reason of death, disability (including Workers' Compensation), involuntary layoff, or retirement during this performance period where incentive awards are granted, and where such participant has been employed within an eligible position, the participant, or their estate, shall be eligible for a pro-rata award, assuming all eligibility criteria is met.
2. **Termination/separation of employment for other reasons:** In the event the participant is terminated/separated prior to the end of this performance period or before any award is paid for any reason other than death, disability (including Workers' Compensation), involuntary layoff, or retirement, the participant will not be entitled to any annual award or payment for performance under the provisions of this plan. This includes, but is not limited to, termination for cause; LAMPs to another employer and voluntary separations but excludes any DOE-approved voluntary separation program (see #4 below).
3. **Transfer out to other partner affiliate locations:** In the event a participant transfers from WRPS to another partner affiliate locations at the direction/request of the Corporate parent prior to the end of any performance period, the participant shall be eligible for a pro-rata award assuming other eligibility criteria is met.
4. **Participation in DOE-approved voluntary separation programs:** In the event a participant elects to participate in a WRPS-sponsored voluntary separation program prior to the end of any performance period or before any award is paid, the participant shall be eligible for a pro-rata award assuming other eligibility criteria is met.
5. **Reclassification:** If, during a plan year, a participant is moved to a different incentive group by promotion, demotion, or reclassification, the participant will be eligible for a pro-rata award from each group based on the number of full months in the old group and the new group. For purposes of calculating the award for the month in which the change

in classification occurs, the participant will be treated as having been in the old group for the entire month. If the change occurs due to performance issues, the participant's award may be forfeited at the discretion of management.

6. **Leaves of Absence:** Participants on an approved leave of absence may be eligible for a pro-rata award based on the full calendar months worked during the performance period, assuming all other eligibility criteria are met.

IX. Program Administration: The WRPS Workforce Resources Manager, as designated by the WRPS Project Manager, shall administer the WRPS WIP. The WRPS Project Manager shall make all final decisions regarding the WRPS WIP within the limits of DOE approval.